



Agenda Date: 3/11/05
Agenda Item: 2D

State of New Jersey
Board of Public Utilities
Two Gateway Center
Newark, NJ 07102
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IN THE MATTER OF THE ESTABLISHMENT OF)
A UNIVERSAL SERVICE FUND PURSUANT TO
SECTION 12 OF THE ELECTRIC DISCOUNT
AND ENERGY COMPETITION ACT OF 1999 ,

ENERGY

UNIVERSAL SERVICE FUND
ORDER
AMENDING THE POLICY FOR
PORTABILITY OF USF CREDITS

DOCKET NO. EX00020091

(SERVICE LIST ATTACHED)

BY THE BOARD:

Background

The Electric Discount and Energy Competition Act, N.J.S.A. 48:3-49 et seq. (EDECA or the Act) provided that the Board establish a non-lapsing Universal Service Fund (USF) to assist low income consumers with the payment of electric and gas bills. On April 30, 2003, in this same docket, the Board approved a USF program, to be operated on a statewide basis and funded through uniform charges on all customers' electric and natural gas bills. Additionally, in that Order, the Board stated that USF benefits should be portable, and determined that the USF credit should remain with the customer for the course of the program year as long as he/she moved to another regulated utility service territory within the State of New Jersey. On December 18, 2003 in this same docket, the Board approved an interim portability policy, along with a standardized letter to be used by the utilities when accounts are closed out. At the time it was the opinion of the USF Working Group that a centralized source of USF customer data, accessible by the utilities, would be the most effective way to facilitate portability of the USF credit. However, the direct application component of the USF program did not become operational until November 2004, and prior to its completion a centralized source of customer data was not available. As a result, the Board approved the interim policy which covered those individuals who entered the USF program through one of the three automatic enrollment sweeps. With the direct application system now operational, Board staff, working with the USF Working Group, has developed a permanent portability policy.

Discussion

The proposed permanent portability policy was developed by Board staff with significant input from the USF Working Group, including written comments by utilities and the New Jersey

Department of Human Services (DHS). The permanent portability policy was built largely upon the interim portability policy that the Board approved on December 18, 2003. With the completion of the direct application system, however, we now have a centralized source of electronic data that can be accessed by the utilities and DHS. This means a permanent policy will require much less manual work and inter-utility communication than the interim policy did.

This permanent policy, however, cannot yet be applied to all USF customers. Customers who were automatically enrolled in USF during the initial three automatic enrollment sweeps (October 2003, April 2004, and September 2004) do not have their data in the direct enrollment system. Only when these customers re-apply for USF will their information be in the system. Therefore, a slightly modified version of the interim portability process should continue to apply to any customer who was automatically enrolled until either: 1) the customer re-enrolls for a second benefit year, or 2) three months after the customer's initial benefit year expires (i.e. when their portability rights expire).

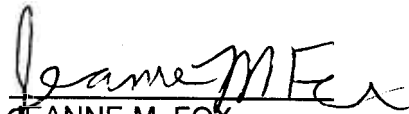
For those individuals whose data is in the new system, utilities will process portable benefits more quickly and with greater ease. As part of the permanent portability policy, USF customers will receive a letter when closing their account reminding them to contact the new utility about their status as a USF customer. The letter will also inform USF customers that, if the end of their program year is near, it is important to reapply for a LIHEAP/USF benefit in order to avoid any interruption of USF benefits.


Conclusion

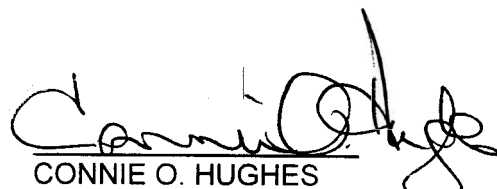
After review of the proposed portability policy, the Board HEREBY APPROVES the permanent portability policy for customers in the direct enrollment system, and a slightly modified version of the interim portability policy for USF customers whose data is not in the direct enrollment system. The detailed portability policy is described in the attached documents.

DATED: 3/11/05

BOARD OF PUBLIC UTILITIES
BY:

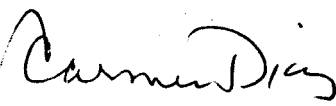

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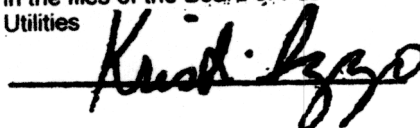

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I HEREBY CERTIFY that the within document is a true copy of the original in the files of the Board of Public Utilities



Permanent USF Portability Policy

In an order dated December 18, 2003, the Board established an interim portability policy for USF customers. This interim portability process was intended to remain in place until the portability function of the new direct application system was complete. The new direct application system now has an operational portability function that can facilitate the portability of benefits for all USF customers, with the exception of those whose information is not in the new system (i.e. customers who were automatically enrolled through one of the three automatic enrollment sweeps performed before the new system became available and who have not re-applied for USF since they were automatically enrolled).

This document outlines the permanent portability policy for customers whose information is in the direct application system. This document also outlines a slightly modified version of the interim portability policy that will apply to customers who are not in the direct application system.

Portability for Customers in the New USF Direct Application System

The portability function of the new system will provide a centralized source of information for utilities and state agencies about USF customers who have moved during their benefit year. This information will include the customer's old account information, personal identification information, data about their USF participation, and an arrears value component that will denote participation in the Fresh Start program. The portability screen of the new system can only be accessed by the utilities for use when a client moves or switches to another fuel source.

The following outlines the process for ensuring the portability of customer benefits under the new system.

- 1) When a USF customer terminates his/her account with his/her utility ("former utility"), the former utility will send a file containing the customer's closed account information to the Office of Information Technology (OIT). OIT will load this data into the direct application system creating a portability record for that customer. This closed account information will appear on the top half of the portability page and will be in read-only format. The closed account information will also populate a field on the portability page indicating the number of months of USF benefits the customer has received during the current benefit year, and a date field reflecting the date the account was closed.
- 2) The former utility will pay the full monthly USF benefit for the last month that the customer's account is open, and will not make further USF payments to that customer after the account is closed (*with the exception of Fresh Start forgiveness, see #10*).
- 3) The former utility will send the customer a letter ("portability letter") notifying the customer that he/she may be eligible for USF benefits at their new utility and that it is the customer's responsibility to inform their new utility that they are a USF customer. The letter will also remind the customer that if they are nearing the end of their USF

program year they must re-apply for a LIHEAP/USF benefit to avoid any interruption of benefits. Board staff has approved the text of the portability letter, and Board staff must approve any modifications to the text of the letter.

4) If the customer moves into another regulated utility's service territory in New Jersey, the customer should notify his/her new utility that he/she is a USF recipient. If the customer has more than one new utility account (i.e. one gas and one electric), he/she must notify each of his/her new utilities. A customer is not eligible to receive USF benefits for an account with a municipal utility.

5) To verify the customer's status as a USF recipient, the new utility can access the portability screen and search for customers by name, social security number, address or prior utility account number. The search will return a list of potential matches with each name as a link to the portability page.

6) If a match is made, the new utility will enter the customer's new address and utility information, including a valid account number for the client, account effective date and the new energy burden associated with the new residence. Each utility account type (electric and gas) is treated separately on the portability screens.

7) Once the new utility has matched the customer, using the OIT web-based portability screen, OIT will process the customer's record.

8) The new utility will then receive a file return from OIT containing the USF customer's new monthly benefit amount for the remainder of the benefit year. The file will also tell the new utility the date the customer's benefit year began and the number of USF credits applied by the old utility. Using this information, the new utility will calculate the number of monthly credits to apply during the first month the customer receives USF benefits from the new utility (*the first month's credit amount will reflect any back credits the customer is due, see #9 for more detail*). The new utility will apply USF credits on the customer's account, in accordance with the rules of the USF program and this portability policy, until the customer's current benefit year expires, or until the customer re-applies for USF.

9) If the customer delays in notifying his/her new utility about his/her USF enrollment for one month or more, but still notifies the new utility within 15 months of the beginning of the benefit year during which the customer closed his/her account with the old utility, the new utility will issue the full USF benefits owed to that customer, dating back to the date the new utility account was opened. These back benefits will be applied to the customer's account in full during the first month in which the customer receives a USF benefit from his/her new utility. If the customer notifies his/her new utility within 15 months of the beginning of the benefit year during which the customer closed his/her account with the old utility but after that 12-month benefit year has ended, the new utility will issue the full USF benefits owed to the customer beginning with the first full month that he/she had an account with the new utility and ending with the month they should have received their final USF credit for the benefit year during which the customer closed his/her account with the old utility. If the customer does not notify his/her new utility of his/her USF enrollment within 15 months of the beginning of the benefit year during which the customer closed his/her account with the old utility, the customer forfeits his/her right to claim USF benefits from that past benefit year.

10) If the customer is a Fresh Start participant and moves to a new utility service territory in New Jersey, the Fresh Start portability policy approved in the March 4, 2004 Board Order remains in effect and will apply to that customer. The portability page will indicate to the new utility whether or not the customer is a participant in the Fresh Start program; however, it does not provide at this time a means for utilities to communicate a customer's payment status on an on-going basis. The USF working group will consider whether such a capability should be added as an enhancement to the direct application system.

11) At certain times of the year a customer may have a USF balance on his/her account because the USF credit is spread evenly throughout the 12-month benefit year while energy usage is variable. If a customer terminates his/her account with his/her former utility while there is a USF credit on the account, the credit will be transferred to the customer's account with his/her new utility, unless that credit is less than \$10, in which case the balance will simply go back to the USF trust fund and will not be transferred to the customer's new utility. When a USF credit is transferred from a former utility account to a new utility account, it will not be done through an inter-utility payment, but rather by both the new and former utility applying the appropriate credits and debits to the USF trust fund. If the customer's portability rights expire and he/she has an unclaimed USF credit on his/her old utility account, this credit will go back to the USF trust fund.

12) If a USF customer moves to a new address and does not open a new utility account under his/her name (e.g. if utilities are now included in his/her rent), the person is not eligible to receive USF benefits during his/her time at that residence, unless he/she opens a regulated utility account at that residence in his/her name.

13) In order to facilitate portability, portability records will be kept in the direct application system for 15 months after the beginning of the benefit year during which the customer closes his/her account with his/her old utility.

14) If a USF customer re-applies for USF and is re-enrolled for a new benefit year, the customer will be able to claim portable benefits for his/her old benefit year, which ends the last month before the customer receives his/her first monthly benefit for his/her new benefit year, subject to all the conditions of the portability policy as described in this document. Under no circumstances shall a customer receive multiple USF benefits in the same month for gas service or multiple USF benefits in the same month for electric service.

15) If a USF customer re-applies for USF and is determined to be ineligible for the program, the customer will remain in USF until his/her current benefit year expires, and the customer will retain his/her rights to a portable benefit as described in this document.

Portability for Initial Automatic Enrollees

The portability function on the new direct enrollment system cannot accommodate USF customers who were automatically enrolled in the program during the initial three automatic enrollment sweeps (October 2003, April 2004, and September 2004). Therefore, a slightly modified version of the interim portability process as delineated in the Board's December 18, 2003 Order, described below, will continue to apply to any

customer who was automatically enrolled until either 1) the customer re-enrolls for a second benefit year, or 2) three months after the customer's initial benefit year expires. This portability policy will apply to customers who were automatically enrolled through the Lifeline file until they either re-enroll or three months after their first benefit period expires; however, the expiration of their initial benefit period is an issue yet to be decided by the Board.

When utilities or DHS make contact with customers who were automatically enrolled and who are trying to transfer benefits between utilities, such customers must be reminded that they should re-apply directly for USF/LIHEAP. The portability letter has added language that encourages customers to re-apply if their benefit is expiring.

The portability policy for automatic enrollees is described below:

- 1) When a USF customer terminates his/her account with his/her utility ("former utility"), the former utility will send the customer a letter ("portability letter") notifying him/her that his/her USF benefit is portable. The text of this letter has been previously approved by Board Staff.
- 2) The former utility will pay the full monthly USF benefit for the last month that the customer's account is open, and will not make further USF payments to that customer after the account is closed (with the exception of appropriate Fresh Start arrearage forgiveness credits).
- 3) If the customer moves into another regulated utility's service territory in New Jersey, the customer should notify his/her new utility that he/she is a USF recipient.
- 4) To verify the new customer's status as a USF recipient, the new utility can request basic information about the customer's former utility account, information from the portability letter, or can request to see a copy or original version of the portability letter or a recent bill from the customer's former utility.
- 5) If the new utility still has doubts about the customer's status as a USF recipient, the new utility can contact the former utility and verify the customer's enrollment.
- 6) Once the customer has either provided adequate verification to the new utility's satisfaction, or provided proof of their enrollment in the form of a recent bill or portability letter, the new utility must begin issuing the customer's USF credit until the end of the benefit year that began with the former utility.
- 7) The customer will be issued credits of the same size he/she was receiving with the former utility.
- 8) If the customer delays in notifying his/her new utility for one month or more, but still notifies the new utility within the same benefit year when he/she moved into the new utility service territory, the new utility will issue the full USF benefits owed to that customer beginning with the first full month that he/she had an account with the new utility and ending with the month he/she received a USF credit through the regular course of billing. If the customer notifies his/her new utility within three months of the

end of the previous benefit year, the new utility will issue the full USF benefits owed to that customer beginning with the first full month that he/she had an account with the new utility and ending with the month they should have received their final USF credit for the benefit year. If the customer notifies his/her new utility more than three months after the beginning of the next benefit year, the customer forfeits his/her right to claim old USF benefits.

9) At certain times of the year a customer may have a USF balance on his/her account, because the USF credit is spread evenly throughout the 12-month benefit year while energy usage is variable. If a customer terminates his/her account with his/her former utility while there is a USF credit on the account, the credit will be transferred to the customer's account with his/her new utility, unless that credit is less than \$10, in which case the balance will simply go back to the USF trust fund and will not be transferred to the customer's new utility. When a USF credit is transferred from a former utility account to a new utility account, it will not be done through an inter-utility payment, but rather by both the new and former utility applying the appropriate credits and debits to the USF trust fund. If the customer's portability rights expire and he/she has an unclaimed USF credit on his/her old utility account, this credit will go back to the USF trust fund.

10) The former utility shall keep a record of all USF customers that have closed accounts and whose data is not in the direct enrollment system, and the new utility shall keep a record of all new USF customers that have entered its service territory.

11) Neither OIT nor DHS needs to be notified about customer moves.

12) If a USF customer moves to a new address and does not open a new utility account under his/her name (e.g. if utilities are now included in his/her rent) then the person will no longer receive his/her USF benefit, unless he/she opens a regulated utility account at that residence in his/her name.

13) If a USF customer re-applies for USF and is re-enrolled for a new benefit year, the customer will be able to claim portable benefits for his/her old benefit year, subject to all the conditions of the portability policy as described in this document.

14) If a USF customer re-applies for USF and is re-enrolled for a new benefit year, the customer will be able to claim portable benefits for his/her old benefit year, which occurs the last month before the customer receives his/her first monthly benefit for his/her new benefit year, subject to all the conditions of the portability policy as described in this document. Under no circumstances shall a customer receive multiple USF benefits in the same month for gas service or multiple USF benefits in the same month for electric service.

In the Matter of the Establishment of a Universal Service Fund Pursuant to
Section 12 of the Electric Discount and Energy Competition Act of 1999
Docket No. EX00020091 - Service List

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